

# Amended ESRS Exposure Draft July 2025 Public Consultation Survey

## 1. Introduction

1. EFRAG assumes that you give consent to publish your responses. Please select NO here if you do not want that your responses are made public.

YES, I accept that my response is made public

## 3. Part 1: Information about the respondent

2. 1. Please enter the following information:

██████████

██████████

Name of organisation : Koan Group

3. 2. Please enter your email

██████████

4. 3. Which of the following stakeholder types do you represent?

Consultant (including software vendor)

4. Please disclose your company's revenue in EUR below (at group level, if applicable)

5. Please disclose your company's total assets in EUR size below (at group level, if applicable)

6. Preparers: Please select your company size by employees (at group level, if applicable)

5. 7. Country of headquarters

Netherlands

8. Preparers: Is your company in scope for the preparation of ESRS sustainability statements under the CSRD (adopted in 2022)? [Companies in scope: over 250 employees, €50 million in net turnover, or €25 million in total assets]

9. Preparers: Did your company prepare a sustainability statement for Financial Year 2024?

10. Preparers: Does your company also prepare or intend to prepare a sustainability statement under IFRS S1/S2?

## 4. Part 2: General Feedback

2. 11. Clarifications and simplification of the Double Materiality Assessment (DMA) (ESRS 1 Chapter 3) and materiality of information as the basis for sustainability reporting

### Rationale for the changes

The Amendments have clarified the requirements in ESRS 1 Chapter 3 about materiality of information and simplified the DMA process. They are described in Lever 1 of simplification in the Basis for Conclusions (see BfC Chapter 4).

Link here to access the [Log of Amendments](#), ESRS 1, Chapter 3 if you would like to review the detailed Amendments and their rationale.

The Explanatory Memorandum (EM) which accompanies the EC Omnibus proposals (page 5) identified the following objective for this lever: “[the simplification] will provide clearer instructions on how to apply the materiality principle, to ensure that undertakings only report material information and to reduce the risk that assurance service providers inadvertently encourage undertakings to report information that is not necessary or dedicate excessive resources to the materiality assessment process”.

### Description of the changes

To meet this objective, EFRAG has introduced the following changes which aim to strike a balance between simplification and the necessary robustness of the Double Materiality Assessment (DMA):

A new section presenting practical considerations for the DMA has been drafted, including the option of implementing either a bottom-up or top-down approach (Chapter 3.6 of ESRS 1)

More prominence has been given to materiality of information as a general filter and all the requirements are subject to it.

The relationship of impacts, risks and opportunities, and topics to be reported has been clarified (ESRS 1, paragraph 2 and 22)

It has been explicitly allowed to include information about non-material topics (ESRS 1, paragraph 108) if they are presented in a way that avoids obscuring material information

Emphasis is put on ESRS being a fair presentation framework, to reinforce the effectiveness of the materiality principle and avoid excessive documentation effort due to a

compliance and checklist approach to the list of datapoints (DP); an explicit statement of compliance with ESRS is included in (ESRS 1, Chapter 2)

To avoid excessive detail in reported information, it has been clarified that all the disclosures can be produced either at topical level or at impacts, risks and opportunities (IRO)

level, depending on the nature of the IROs and on how they are managed

The list of topics in AR 16 (now Appendix A) has been streamlined by eliminating the most detailed sub-sub-topic level and has now an illustrative only and non-mandatory status.

More emphasis has been put on the aggregation and disaggregation criteria for reporting information at the right level. Explanations have been provided with respect to the

consideration of sites for the DMA and reported information, so as to avoid long lists of sites being included in the sustainability statement.

Please do not comment here in “Gross versus Net” as it is covered by the next question.

### Question

If you intend to provide feedback also on Part 3 of this questionnaire (at level of DR or paragraph), please note that by answering this question, you will not be allowed to include comments on Chapter 3 of ESRS 1 in Part 3, to avoid duplication of input. Your comments on Chapter 3 can only be provided here.

Do you agree that the proposed amendments have sufficiently simplified the DMA process, reinforced the information materiality filter and have succeeded in striking an acceptable balance between simplification and robustness of the DMA? Do you agree that the wording of Chapter 3 of ESRS 1 is sufficiently simplified?

I disagree

### 3. Provide comments below

While the introduction of the bottom-up/top-down approach provides welcome clarity on methodology, numerous ambiguities remain, making the overall DMA process appear more complicated than before.

Firstly, the introduction of systemic risk significantly complicates matters for preparers, who now face new concepts without adequate practical guidance.

A critical gap remains in Paragraph 29, which fails to provide sufficient clarity on when the DMA should be updated. This lack of a clear timeline complicates compliance processes and resource planning for all undertakings.

Although Appendix A has been streamlined by eliminating the most detailed sub-sub-topic level and given an illustrative status, the result is not sufficiently shortened. Further guidance on its non-mandatory use is required. Specifically, for the Biodiversity sub-topics in Appendix A, the reporting requirement for the “state of species” appears duplicated across other sub-topics, which confuses the actual scope of disclosure required.

The guidance in Appendix A, paragraph 48 (concerning the assessment of materiality) does not adequately consider the audit process. How an auditor will verify the distinction between material and non-material information remains a significant concern. Furthermore, Paragraph 51 concerning the bottom level of reporting is unclear on the necessary level of aggregation and disaggregation.

The requirements regarding stakeholder involvement remain insufficiently defined. Similarly, for the Social sub-topics in Appendix A, there is no clear instruction on whether preparers must report across all social themes included in the sub-topic or are expected to ‘pick and choose’ based on the materiality outcome, creating significant compliance uncertainty.

#### 4. 12. New guidance in ESRS 1 on how to consider remediation, mitigation and prevention actions in assessing materiality of negative impacts

##### *Rationale for the changes*

To address a frequent implementation question and an area of divergence in practice, new guidance has been introduced (ESRS 1 paragraphs 34 to 36 and Appendix C; Basis for Conclusions (BfC) Chapter 8) on how to consider implemented remediation, mitigation and prevention actions in the DMA (the so called "gross versus net" issue). The EFRAG SRB has prioritised the guidance on impacts, as in financial materiality there is already reporting experience which can be leveraged.

##### *Description of the changes*

Appendix C, which has the same authority as other parts of the Standard, illustrates how to perform the assessment, i.e. before or after the actions that have been taken and have reduced the severity of the impact. The new guidance specifies how to treat actions in DMA differentiating 'actual' from 'potential' impacts. It also differentiates the current reporting period from the future reporting periods (the latter is relevant as impacts of previous years that are material are also to be reported in the current period). For impacts that are assessed as material, the respective actions are reported (which also include policies implemented through actions). Actual impacts are assessed for materiality before the remediation actions in the reporting period when they occur, while in future periods they are not reported if fully remediated. For potential impacts, when the undertaking must maintain significant ongoing actions to contain severity and/or likelihood below the materiality level, the impact is assessed before the actions are reported. This provision has been introduced to deal with cases such as health and safety negative impacts in highly regulated industries.

##### *Key discussion points at EFRAG SRB level*

Some of the EFRAG SRB members consider the added guidelines excessively complex. The approach to disregard implemented actions when assessing materiality of potential impacts, if there are significant ongoing actions, has been the source of split views in the EFRAG SRB. The members that supported the inclusion of this provision considered that it would be inappropriate to conclude that due to the high level of prevention and mitigation standards in a sector, a given topic is not reported. On the contrary, other members think that this gross approach to potential impacts will result in excessive reporting.

##### *Question*

If you intend to provide feedback also on Part 3 of this questionnaire, please note that by answering this question, you will not be allowed to include comments on Paragraphs 34 to 36 and Appendix C of ESRS 1, in Part 3 to avoid duplication of input. Your comments on Paragraphs 34 to 36 and Appendix C of ESRS 1 can only be provided here.

Do you agree that the new guidelines clarify how to consider remediation, mitigation and prevention implemented actions in the DMA, contributing to more relevant and comparable reporting?

I disagree

##### 5. Provide comments below

While the aim to clarify the "gross versus net" issue is necessary, the proposed solution introduces significant complexity and potential for divergent interpretations in practice.

The new guidance, particularly the differentiation between the current reporting period and future reporting periods for assessing impacts, adds unnecessary complexity. This time-based distinction does not simplify the process but rather leads to different interpretations regarding whether an impact should be reported based on the severity before or after the action taken.

The proposed solution for potential negative impacts where significant ongoing actions are taken, may prove impractical for the audit process. The "gross approach" of assessing the impact before prevention/mitigation actions will result in excessive reporting and high documentation demands, complicating assurance efforts.

For the guidance to be effective in practice, there is an urgent need for clearer, more precise definitions regarding the types of impacts and remediation actions. Specifically, a clearer definition is needed for what constitutes past, present, and future remediation actions, along with explicit guidance on how to classify and report different types of impacts that occurred in past years but are still relevant in the current period.

#### 6. 13. Improved readability, conciseness and connectivity of ESRS Sustainability Statements

##### *Rationale for the changes*

Starting with the input gathered from the first-time adopters, EFRAG has introduced several changes to support the production of more readable and concise sustainability statements, that are better connected with corporate reporting as a whole. This corresponds to Lever 2 of simplification in the Basis for Conclusions (BfC) (Chapter 4).

##### *Description of the changes*

EFRAG has clarified the flexibility that preparers have in preparing their statements. The Amendments describe the possibility of including an 'executive summary' at the beginning of the sustainability statement and have put greater emphasis on the use of appendices to separate more detailed information from key messages. The amendments have also clarified the concept of 'connected information', discouraging fragmentation and/or repetition of information (ESRS 1, Chapter 8).

##### *Question*

Do you agree that these proposed Amendments, when combined with the other changes in the Amended ESRS, provide an appropriate level of flexibility to support more relevant and concise reporting, as well as to promote better connectivity with corporate reporting as a whole?

I agree

##### 7. Provide comments below

The allowance for the inclusion of an executive summary at the beginning of the sustainability statement is very welcomed.

This will allow preparers to articulate the most critical sustainability findings and link them directly to the company's financial strategy and risks, which fundamentally enhances connectivity with corporate reporting.

By summarising the main conclusions of the DMA and the most material disclosures in one place, the executive summary dramatically improves the statement's readability and conciseness for stakeholders.

#### 8. 14. Restructuring of the architecture and interaction between ESRS 2 and Topical Standards

##### *Rationale for the changes*

The Amendments have restructured the architecture of ESRS, focusing on the interaction of ESRS 2 and topical standards. They have also modified the standard-setting approach for policies, actions and targets (PAT) to adopt a more principles-based and less prescriptive approach. These Amendments are described as Lever 3 in the Basis for Conclusions (BfC) (Chapter 4).

The Explanatory Memorandum (page 5) identified the following objective for this lever: simplify the structure and presentation of the Standards.

##### *Description of the changes*

To achieve this objective, EFRAG has implemented the following changes, which aim to strike an appropriate balance between (a) prescriptiveness of the requirements and preparation effort and (b) the users' need for relevant, faithful and comparable information:

Minimum Disclosure Requirements in ESRS 2 (renamed "General Disclosure Requirements") have been simplified but retained as 'shall' disclose.

A drastic reduction of 'shall' datapoints PAT has been achieved, sometimes reformulating them as Application Requirements ('ARs') to support more consistent application.

Topical specifications to GOV, SBM and IRO (Appendix C of ESRS 2) have been deleted, with a few exceptions maintained as separate Disclosure Requirements in topical standards (e.g. resilience in ESRS E1).

The requirement to disclose PAT for material IROs if adopted is maintained. But the requirement to disclose whether the undertaking plans to implement a PAT for material topics and timeline has been eliminated. The indication of which material topics are not covered by PAT is maintained.

The amendments have improved the connectivity between the disclosure of PAT and the description of IROs (now in ESRS IRO 2) to which they relate. They have also improved the ability to disclose information at a higher aggregation level than the material IROs, if this reflects the way IROs are managed.

##### *Question*

Do you agree that these proposed amendments strike an appropriate balance between (1) prescriptiveness of the requirements and preparation effort from the one hand, and (2) need for relevant and comparable information from the other?

I partially agree and partially disagree

## 9. Please provide comments below

While some changes are useful, others undermine accountability and introduce new complexities, contradicting the simplification objective.

Specifically, we disagree with the deletion of the point on 'key actions related to providing and cooperating in remedy for those harmed by actual material impacts', as it removes information essential for users.

The requirement to disclose whether and how environmental targets consider ecological thresholds is premature. While scientifically sound, this concept is highly advanced and complex for most preparers to comprehend and apply reliably, going directly against the simplification principle and risking non-comparable reporting.

Moreover, the elimination of the requirement to disclose planned PATs and associated timelines for all material topics creates a critical deficit in transparency and accountability. Materiality demands a corresponding management intention to plan policies and actions and deleting this requirement essentially renders the materiality assessment less action-oriented.

We also view the renaming of Minimum Disclosure Requirements (MDR) to General Disclosure Requirements (GDR) as an unnecessary change that adds no substantive clarification or simplification to the standards.

The deletion of topical specifications for GOV, SBM, and IRO is very useful. It successfully streamlines the architecture and reduces complexity by avoiding the forced duplication of information across different standards.

Lastly, the drastic reduction of mandatory datapoints supports the goal of reducing preparation effort, even if it sacrifices some detail.

## 10. 15. Improved understandability, clarity and accessibility of the Standards

### *Rationale for the changes*

The Amendments have reorganised the content of the requirements, clearly separating the mandatory from the non-mandatory ones, and eliminating the "may" disclose provisions, which proved to be problematic to understand. These Amendments are described as Lever 4 in the Basis for Conclusions (BfC) (Chapter 4).

The Explanatory Memorandum (page 5) identified the following objective for this lever: simplify the structure and presentation of the Standards.

### *Description of the changes*

To achieve this objective, EFRAG has implemented the following changes:

"May disclose" datapoints have been all eliminated.

All the "shall disclose" datapoints are now in the main body of the standard (no more datapoints in AR) and mandatory application requirements are relocated below the DR to which they belong (and below each Chapter in ESRS 1), covering 'how to disclose' guidelines.

Language of the Standards has been improved for understandability, conciseness and consistency of ESRS.

### *Question*

Please focus your considerations only on the mandatory content of the Exposure Drafts. The following question covers the Non-mandatory Illustrative Guidance ('NMIG').

If you intend also to provide feedback on Part 3, when providing your comments, please refrain from duplicating the comments that you will provide at Standard or DR level.

Do you agree that these proposed amendments achieve the desired level of clarity and accessibility?

I partially agree and partially disagree

## 11. Provide comments below

While the restructuring is a significant step toward simplification, the language still requires refinement.

We strongly agree with the complete elimination of all voluntary datapoints. These provisions created significant confusion, so their removal provides essential clarity.

The relocation of all mandatory datapoints into the main body of the standard and the corresponding placement of mandatory Application Requirements below their respective Disclosure Requirements is very useful, creating a much more logical and accessible document architecture.

We believe that some editorial changes were unnecessary, and in certain cases, the language is still not sufficiently clear or concise. Certain editorial amendments to the wording of specific Disclosure Requirements appear to be minor or stylistic, adding little value to clarity and instead requiring preparers to review every sentence for non-substantive changes.

## 12. 16. Usefulness and status of "Non-Mandatory Illustrative Guidance" (NMIG)

As a result of the simplification process, part of the mandatory content in the 2023 Delegated Act has been moved to "Non-Mandatory Illustrative Guidance" (NMIG). NMIG does not address all the existing implementation questions on each standard. It simply gathers the content that:

- a) was in the Delegated Act
- b) is now deleted; and
- c) contributes to the overall datapoints reduction.

It contains 'how to report' guidelines (methodology) and examples of possible items to cover when disclosing in accordance with a mandatory datapoint, mainly for narrative PAT disclosures. Its content should not be understood as a list of items of information requiring justification when not reported, consistent with the fact that the previous datapoints are deleted. The legal status of the NMIG will be considered by the European Commission (EC) in due course. However, EFRAG recommends that the EC not include this content in the Delegated Act. On the one hand, NMIG contains helpful support material that may reduce the implementation questions. On the other hand, it could trigger additional efforts of analysis and/or have an ambiguous role as possible additional disclosure with entity-specific relevance if issued within the Delegated Act.

You are invited to provide your comments on the purpose of NMIG, if any.

You can access the NMIG at this [link](#).

Please select the NMIG you would like to comment on from the list below:

Provide comments below

### 13. 17. Burden reliefs and other suggested clarifications

#### *Rationale for the changes*

The Amendments introduced several horizontal reliefs (i.e. applicable across different requirements) that were suggested in the input gathered from preparers. They are expected to contribute substantially to the reduction in the overall reporting efforts, beyond the datapoints reduction. These Amendments are described as Lever 5 in the Basis for Conclusions (BfC) (Chapter 4).

The Explanatory Memorandum did not explicitly mention the reliefs, but the letter of the EC dated 5 May 2025 recommended including those foreseen in the ISSB's IFRS sustainability disclosure standards (IFRS S1 and S2). The Explanatory Memorandum nevertheless included the following objective (page 5): [the simplification] will also make any other modifications that may be considered necessary, considering the experience of the first application of ESRS. The revision will clarify provisions that are deemed unclear. It will improve consistency with other pieces of EU legislation.

#### *Description of the changes*

EFrag has implemented the following changes:

The relief "undue cost or effort" has been introduced, including for the calculation of metrics.

A relief for lack of data quality has been introduced for metrics (ESRS 1 Paragraph 91), allowing to report a partial scope and disclosing actions to improve the coverage in future periods.

The systematic preference for direct data as input to the calculation of value chain metrics has been removed and undertakings may use direct data or estimates depending on practicability and reliability (ESRS 1, Paragraph 91).

Undertakings may exclude from the calculation of metrics their activities that are not a significant driver of IROs (ESRS 1, Paragraph 90) and may exclude joint operations on which they do not have operational control when calculating environmental metrics other than climate (ESRS 1, paragraph 60).

Disclosure about resilience is now limited to risks only and limited to qualitative information only (ESRS 2, Paragraph 24 and ESRS E1, Paragraph 21).

When disclosing financial effects, the information on investments and plans is now limited to those that are already announced (ESRS 2, AR 16 Paragraph 23(b)).

A new relief for acquisitions (disposals) of subsidiaries has been introduced (ESRS 1 Chapter 5.4) allowing to include (exclude) the subsidiary starting from the subsequent (from the beginning of the) period.

From October 2024 to February 2025, several implementation issues were identified in the EFRAG ESRS Appendix dedicated to the Q&A implementation platform (Chapter of Basis for Conclusions (BfC)). These issues have now been addressed by clarifying the corresponding provisions.

Following the EC representatives' recommendation, EFRAG did not include additional relief for commercial sensitive information, pending the changes of level 1 regulation, where this issue is being considered.

#### *Question*

EFrag considered how to improve consistency with other pieces of regulation. Considering what can be achieved in these Amendments (as opposed to what requires modification by the other regulation) EFRAG gave priority to the SFDR regulation. Please refer to question 28 if you intend to comment on this aspect. Other selected changes to enhance consistency are described in the Log of Amendments for each standard.

Please note that some of the reliefs described above go beyond the ones in IFRS S1 and S2 described in question 21 below. As interoperability with IFRS S1 and S2 is specifically addressed in question 21 should be commented upon there. Please also refrain here from comments on the options proposed for quantitative financial effects, as question 17 is specifically dealing with them.

Do you agree that these proposed Amendments provide sufficient relief and strike an acceptable balance between (a) responding to the stakeholders' demands for burden reliefs and (b) preserving the transparency needed to achieve the objectives of the EU Green Deal, as well as interoperability with the ISSB's IFRS S1 and S2?

I agree

#### 14. Please provide comments below

The introduction of several targeted reliefs demonstrates a practical understanding of the challenges faced by preparers during the first application of the ESRS, particularly regarding value chain data collection.

The changes introduced, such as the new relief for acquisitions/disposals and the clarification on disclosing financial effects (limiting information to already announced investments and plans), are necessary to align reporting with common corporate practices.

The most critical area of relief is the systematic removal of the preference for direct data in value chain metrics. This change is crucial, as the initial reliance on direct data was a major point of burden. Allowing undertakings to use reliable estimates substantially reduces reporting effort and acknowledges the practical limitations of primary data collection.

Similarly, introducing a relief for lack of data quality (allowing partial scope reporting with an action plan to improve future coverage) makes sense, as it avoids penalising companies for first-time data gaps while committing them to continuous improvement.

However, the new "undue cost or effort" relief may complicate matters regarding audit consistency. There is currently a lack of clarity on who validates whether the data collection was causing undue cost and how auditors will ensure the same criteria are applied across different companies to prevent arbitrary reporting boundaries.

The relief concerning the systematic preference for direct data introduces a significant risk that data quality will be diminished. There is a concern that companies may not actively pressure suppliers to collect relevant data, which is essential for accountability. This aspect requires close monitoring to ensure the transparency of actual impacts is not compromised.

### 15. 18. Relief for lack of data quality on metrics (ESRS 1 paragraph 92)

Amended ESRS have introduced the 'undue cost or effort' relief for all the elements of the reporting, from the identification of material IROs to the calculation of metrics (paragraph 89 of ESRS 1), in line with IFRS S1 and S2, extending it to all metrics. In addition, paragraph 92 of ESRS 1 has introduced a provision applicable both to metrics in own operations and in upstream and downstream value chain. This allows an undertaking to report metrics with a partial scope of calculation, when there are no reliable direct or estimated data to be used in the calculation. This relief does not exempt an undertaking from providing a disclosure, but it allows to disclose a calculation that includes only a partial scope. When using this relief, the undertaking shall disclose actions undertaken to improve the coverage of its calculation in next periods. This transparency is expected to provide sufficient incentive to improve the data quality and achieve a more complete scope in the calculation of the metrics. Accordingly, no time limit is included for the use of the relief. On this point, some EFRAG SRB members, while supporting the relief, considered it essential to include a time limit.

If you intend to provide feedback also on Part 3 of this questionnaire, please note that by answering this question, you will not be allowed to include comments on paragraph 92 of ESRS 1 in Part 3 to avoid duplication of input. Your comments on paragraph 92 of ESRS 1 can only be provided here.

Do you agree that the proposed relief for lack of data quality on metrics strikes an acceptable balance between providing the necessary flexibility for preparers and avoiding undue loss of information?

I disagree

#### 16. Please provide comments below

While we support providing flexibility to first-time preparers, the relief introduces a significant risk of losing too much critical information, potentially resulting in disclosures that are both misleading and non-comparable. The risk stems from the lack of a defined endpoint or enforcement mechanism for achieving full data coverage.

Allowing an undertaking to report metrics with a perpetual "partial scope" of calculation creates a situation where reports may appear compliant but fail to provide a true and complete picture of the undertaking's material impacts. This is particularly problematic for metrics related to the value chain, where the most significant impacts often lie.

The decision to not include a time limit for the use of the relief is a critical oversight. Without a mandatory deadline for achieving a full scope, it is highly likely that some undertakings will continue to rely on the partial scope provision indefinitely, claiming that cost reduction is not feasible in the short term. A time limit is essential to 'police' the improvement process and provide an external incentive for investment in data quality.

Lastly, the relief encourages preparers to set their own standards for improvement and disclosure, which fundamentally undermines the comparability of the reported metrics across different entities.

## 17. 19. Relief for anticipated financial effects

### *Rationale for the changes*

Preparers' feedback to the public call for input indicated that disclosing quantitative information for financial effects is particularly challenging. This includes issues of lack of mature methodologies and being commercially sensitive (refer to Basis for Conclusions (BfC) Chapter 7). Suggested solutions included the IFRS corresponding relief (IFRS S1 paragraph 37), the deletion of the requirement to report quantitative information, or to report them only on a voluntary basis. The EFRAG SRB is specifically seeking input that would support the determination of the most appropriate relief.

### *Description of the changes*

The Amended ESRS currently includes two possible options, which would apply to all topics, including climate (DR E1-11):

a) Option 1 requires an undertaking to disclose both qualitative and quantitative information but allows omission of quantitative information under certain conditions. Option 1 is substantially aligned with the IFRS relief, despite the fact that it includes some differences compared to it: under Option 1, as in the IFRS relief, the undertaking need not provide quantitative information when it is not able to measure separately the financial effect of a specific topic (or IRO) or when the level of uncertainty is so high that the resulting information would not be useful. Differently from the IFRS relief, Option 1 specifies that the undertaking may use the relief when there is no reasonable and supportable information derived from its business plans to be used as input in the calculation of anticipated long-term financial effects. Different from the IFRS relief, the undertaking cannot omit quantitative information when it does not have the skills, capabilities or resources to provide that quantitative information, as this part of the relief was considered not compatible with the entities that are expected to be in scope of the Amended ESRS.

b) Option 2 limits the requirement to qualitative information only, and leaves companies to choose to report quantitative information on a voluntary basis, without having to meet any conditions. This option is not aligned with the treatment in IFRS S1 and S2.

Some of the EFRAG SRB members noted that Option 2 would result in undue loss of information important for investors and would fail to provide the correct incentive to build more mature methodologies and reporting practices. Other members, on the contrary, supported the inclusion of Option 2.

### *Question*

If you intend to provide feedback also on Part 3 of this questionnaire, please note that by answering this question, you will not be allowed to include comments on paragraph 23 of ESRS 2 in Part 3 to avoid duplication of input. Your comments on that paragraph can only be provided here.

Please select from the alternatives below the one that represents your view:

I agree with Option 1

## 18. Please provide the rationale for your preference and suggestions for improvements (if any)

Quantitative information is particularly important for investors and analysts to accurately price climate and sustainability-related risks into valuations. Option 1 strikes a necessary balance between meeting user needs and acknowledging the current immaturity of reporting methodologies.

Particularly, Option 1 provides the necessary flexibility by allowing the omission of quantitative information only under specific, justifiable conditions. These conditions, such as the inability to measure financial effects separately or high levels of uncertainty, are valid reasons for temporary omission.

To prevent the conditional omission from becoming an indefinite loophole, we recommend the inclusion of a mandatory time limit for the use of the quantitative omission relief within Option 1. A deadline would provide a strong incentive for undertakings to invest in the necessary methodologies, skills, and data systems required to mature their quantitative reporting. It would also guarantee that all reporting entities will transition to providing quantitative data within a foreseeable timeframe.

## 19. 20. ESRS E1: Disclosures on Anticipated Financial Effects

The content of the disclosure requirements on Anticipated Financial Effects (formerly E1-9 now E1-11) has been significantly reduced. Several datapoints are still included, which are considered necessary for investors and lenders to be able to assess the undertaking's exposure to transition and physical risk, including for lenders to be able to meet either supervisory expectations or sector specific disclosure requirements. This question focuses on paragraphs 40 (a) to (d), 41 (a) to (f) and 42 of ESRS E1 and aims at collecting feedback on the feasibility of the remaining datapoints.

If you intend to provide feedback also on Part 3 of this questionnaire, please note that by answering to this question, to avoid duplication of input, you will not be allowed to include comments on DR E1-11 or paragraphs 40, 41 and 42 of ESRS E1 in Part 3. Your comments on those provisions will only be provided here.

Do you agree that the amended paragraph 40, 41 and 42 of ESRS E1 have been sufficiently simplified and that they strike the right balance between reporting effort and users' needs?

I agree

Select the paragraph on which you want to express agreement / disagreement

## 20. Please provide comments below

We agree that the amended paragraphs on Anticipated Financial Effects have been sufficiently simplified and generally strike the right balance between the reporting effort required and the users' need for essential financial information.

However, the language within the remaining paragraphs could be streamlined further. We recommend a final editorial pass to ensure the wording is more direct and concise, which would reduce the risk of ambiguity and divergent interpretation among preparers.

## 21. 21. Enhanced interoperability with the ISSB's standards IFRS S1 and S2

### *Rationale for the changes*

EFRAG has implemented several changes to enhance the level of interoperability with the ISSB's standards IFRS S1 and S2. These amendments are described in Lever 6 of simplification in the Basis for Conclusions (BfC) (see Appendix 6). At the same time, however, the Amendments implemented for simplification reasons affect the level of interoperability with IFRS S1 and S2, as resulting from the joint EFRAG IFRS interoperability guidelines (May 2024). For example, reliefs beyond those in IFRS S1 and S2, described above, negatively affect interoperability.

One of the Explanatory Memorandum (page 5) objectives is to further enhance the already very high degree of interoperability with global sustainability reporting standards. EFRAG prioritised the interoperability with IFRS S1 and S2, following the majority input gathered in the public call for input and outreach.

### *Description of the changes*

To achieve this objective, EFRAG implemented the following changes, which aim to achieve a higher level of interoperability while being compatible with the objectives of the Amendments.

In line with IFRS S1, emphasis has been put on ESRS being a fair presentation framework; materiality of information is now as general filter for the reported information.

To remove one of the main interoperability differences, the ESRS E1 GHG emission boundary has been replaced by the financial consolidation approach (ESRS E1 AR19), aligned with the financial control approach in the GHG protocol, while a separate disclosure based on operational control is now required (and aligned with the corresponding disclosure in the GHG protocol) only for entities with more complex ownership structures (ESRS E1, AR 20).

The IFRS reliefs (undue cost or effort, disclosure of ranges for quantitative financial effects) have been implemented, with the exception of the one on omitting commercially sensitive information about opportunities (pending the outcome of Level 1 discussions), the one allowing to omit Scope 3 GHG emissions when impracticable and the one allowing to omit quantitative financial effects when the undertaking does not have the necessary skills (please note that the relief on anticipated financial effects is treated in question 20).

The implementation of reliefs that go beyond the ones in IFRS S1 and S2 results in new interoperability differences (see question 16).

Language for requirements that are common to ESRS and IFRS S1 and S2 has been aligned whenever possible with the one in IFRS S1 and S2, in ESRS 1, 2 and E1.

The reference to SASB Standards and IFRS Industry-based Guidance as a source of possible ("may consider") disclosure when reporting entity-specific sector information is now a permanent feature (before it was temporary, i.e. until the issuance of ESRS sector standards).

The datapoint reduction resulted in the elimination of 7 "shall" datapoints aligned with ISSB standards described in Basis for Conclusions (BfC) (Chapter 4).

Several changes have been introduced to further advance interoperability in ESRS E1 (Basis for Conclusions (BfC), Chapter 4).

### *Question*

Do you agree that these proposed Amendments achieve an appropriate balance between increasing interoperability and meeting the simplification objectives?

I partially agree and partially disagree

## 22. Please provide the comments below

The amendments successfully advance interoperability by aligning the GHG emission boundary and adopting many IFRS S1/S2 reliefs, which is a significant positive step. However, a lack of clarity in certain key areas risks introducing new implementation burdens and undermining the perceived simplification.

Specifically, the guidance in ESRS E1, AR 20 (concerning complex ownership structures and the separate disclosure based on operational control) is highly ambiguous and needs further simplification. The current wording is prone to varied interpretation, which will burden companies with complex ownership structures and potentially lead to non-comparable disclosures.

The implementation of the "undue cost or effort" relief, while necessary, needs clearer definition. Currently, there is insufficient clarity on when a company can legitimately invoke this principle. To maintain integrity and prevent misuse, explicit guidance should be provided on how this principle should be interpreted and, crucially, how the auditor will police its application across different entities. Without this, the relief risks becoming a loophole that undermines the transparency it aims to achieve.

## 23. 22. Reduction in the number of mandatory and voluntary datapoints

The Amendments have realised a substantial reduction in the number of mandatory (-57%) and voluntary (-100%) datapoints, described in the Basis for Conclusions (BfC), Appendix 3.

The Explanatory Memorandum (page 6) specified that "the revision of the Delegated Act will substantially reduce the number of mandatory ESRS datapoints by (i) removing those deemed least important for general purpose sustainability reporting, (ii) prioritising quantitative datapoints over narrative text and (iii) further distinguishing between mandatory and voluntary datapoints, without undermining interoperability with global reporting standards and without prejudice to the materiality assessment of each undertaking."

To achieve this objective, EFRAG undertook a systematic review of the datapoints, to eliminate the least relevant, i.e. those that are not strictly necessary to meet the disclosure objectives. Most of the deleted datapoints stem from the narrative PAT disclosures, where a less prescriptive and more principles-based approach has been implemented. Therefore, most of the deletions refer to narrative datapoints. In the context of such a systematic review, merging two distinct datapoints was not considered as a reduction.

Do you agree that the proposed reduction in "shall disclose" datapoints (under materiality) strike an acceptable balance between burden reduction and preserving the information that is necessary to fulfil the objectives of the EU Green Deal?

I agree

24. Comments on deleted datapoints in ESRS 2

25. Comments on deleted datapoints in ESRS E1

26. Comments on deleted datapoints in ESRS E2

27. Comments on deleted datapoints in ESRS E3

28. Comments on deleted datapoints in ESRS E4

29. Comments on deleted datapoints in ESRS E5

30. Comments on deleted datapoints in ESRS S1

31. Comments on deleted datapoints in ESRS S2

32. Comments on deleted datapoints in ESRS S3

33. Comments on deleted datapoints in ESRS S4

34. Comments on deleted datapoints in ESRS G1



### 35. 23.Six datapoints exceptionally moved from “may” to “shall”

In accordance with the simplification mandate received, EFRAG has adopted a general rule of not increasing the reporting obligations. Accordingly, “may disclose” datapoints have not been transformed into mandatory ones (subject to materiality). In the context of the comprehensive revision of some of the DRs, to provide for more focused and relevant information, 6 datapoints have been moved from “may” to “shall” subject to materiality. These exceptions are in the opinion of EFRAG justified. It is important to note that they do not add new obligations, as they refer to an already existing disclosure objective, but they make explicit a separate element of required information. In consideration of their very low number when compared to the overall datapoint reduction, they are not considered to jeopardise the achieved substantial simplification. On the contrary, their change of status improves the clarity of the reporting requirements. More details on these datapoints can be found in the Basis for Conclusions (BfC) Chapter Appendix 3.

Datapoint	Rationale for moving from “may” to “shall”
<b>ESRS E3</b> <i>Water</i> - Own operations total withdrawal (Amended ESRS E3 paragraph 28 (c))	This requirement should not create an additional burden, as reporting water consumption already relies on understanding the water balance, including both withdrawals and discharges. Given this, the change from optional ('may') to mandatory ('shall') reflects the importance of these metrics in completing the water balance equation and ensuring fair presentation of material IROs. Water withdrawal—defined as the volume of water removed from ecosystems—is a key indicator for assessing pressure on local water resources, particularly in water-stressed regions.
<b>ESRS E3</b> <i>Water</i> — Own operations total discharges (Amended ESRS E3 paragraph 17)	This requirement should not impose an additional burden, as reporting water consumption already depends on understanding the water balance, including both withdrawals and discharges. Accordingly, the change from optional ('may') to mandatory ('shall') reflects the importance of these metrics in completing the water balance equation and supporting the fair presentation of material IROs. Water discharges, in particular, serve as a complementary indicator to water withdrawals, providing a fuller picture of pressure on water resources.
<b>ESRS E4</b> <i>Biodiversity and ecosystems</i> - Disclosure of transition plan for biodiversity and ecosystems	Changed to mandatory as this disclosure is considered highly decision-useful for users in relation to undertakings operating in certain sectors. Disclosing information on a transition plan (TP) is conditional to have one that is publicly released. This does not add burden as the plan is already public and the information normally available. Implementing TPs, and disclosing on them, is an area that is normalizing and expected to become increasingly important in future years.
<b>ESRS G1</b> <i>Business conduct</i> — Training of procurement team (Amended ESRS G1 paragraph 10 (c))	The revision G1 has consolidated previous scattered datapoints on training in one generic provision, while specifying the target audience considered critical in sustainability (such as the procurement team). This DP is an important information related to management of
	suppliers’ relationship for which several other DPs have been deleted.
<b>ESRS G1</b> <i>Business conduct</i> confirmed incidents (Amended ESRS G1 paragraph 14)  (1) Nature of incidents (2) Number of incidents	ESRS G1 did not include any mandatory metric on incidents of corruption and bribery, except for the SFDR indicators. This provision replaces narrative information about corruption and bribery with a quantitative metric. The definition of confirmed incidents is well provided in the Glossary. The required disclosure does not include names or persons involved nor other recognisable characteristics, so that it does not interfere with any legal process.

Do you agree that these exceptions to the general rule are appropriate and justified?

I agree

36. Please provide comments below

### 37. 24. Four new mandatory datapoints (exception)

In accordance with the simplification mandate received, EFRAG has adopted a general rule of not increasing the reporting obligations. Accordingly, no new “shall” datapoints have been added. In the context of the comprehensive revision of some of the DRs, to promote more focused and relevant information, 4 datapoints have been added. These exceptions are in the opinion of EFRAG justified.

It is important to note that they do not add new obligations, as they refer to an already existing disclosure objective, but they make explicit a separate element of required information. In consideration of their very low number when compared to the overall datapoint reduction, they are not considered to jeopardise the achieved substantial simplification. On the contrary, their change of status improves the clarity of the reporting requirements. More details on these datapoints can be found in the Basis for Conclusions (BfC) Chapter 6.

Datapoint	Rationale for new datapoints
ESRS 2 <i>General disclosures</i> – BP 1 the undertaking shall state	This may be considered as a new datapoint but replaces several datapoints compared to the Delegated Act. The undertaking now must only state when certain principles
that the general requirements of ESRS 1 have been applied for the preparation of its sustainability statement	were applied and when there is a divergent application from the general requirements, this means that it is not disclosed according to ESRS 1; examples are time horizons or changes in preparation or presentation of sustainability information.
E2-4 Secondary microplastics resulting from the breakdown of larger plastic items or being unintentionally produced through the life cycle of the product. Clarification of former ESRS E2 paragraphs 28(b) and AR 20 leading to new added DP .	The amount of secondary microplastics was already required to be reported in ESRS E2 through AR 20, which addressed both primary and secondary microplastics. However, the Q&A process and the outreach analysis highlighted a lack of clarity on the disclosure requirements in relation to primary and secondary microplastics. The addition of a new qualitative datapoint on secondary microplastics, separate from the Set 1 microplastics datapoint, was favoured to improve clarity and simplify the understanding of the microplastics requirements. Secondary microplastics represent the main source of microplastics released into the environment.
ES-4 Percentage of total weight that are critical and strategic raw material  Added draft ESRS E5 paragraph 15(c).	Added for better alignment with recent EU regulatory developments, particularly the Eco-design for Sustainable Product Regulation and Critical Raw Materials Act.
ES-5 Percentage and/or total weight for which the final destination is unknown.  Added in draft ESRS E5 paragraph 18(e).	Added to allow mass balance of final destination of waste to be completely disclosed, not forcing undertakings to make unreasonable estimations but instead allowing them to disclose on the figures they have and can reasonably document.

Do you agree that these exceptions to the general rule are appropriate and justified?

I partially agree and partially disagree

### 38. Please provide comments below

While we support the underlying intent to clarify existing disclosure objectives, two of the added datapoints risk introducing unnecessary reporting complexity without providing proportional value to the user.

Specifically, E5-4 is likely too specific and complex when it comes to practical data collection and reporting. This level of granular detail seems to be a case where the reporting effort outweighs the utility of the resulting information.

### 39. 25. Emphasis on ESRS being a “fair presentation” reporting framework

The Amendments clarify that ESRS is a fair presentation reporting framework, as it is for IFRS S1 and S2, with the expectation that this will support a more effective functioning of the materiality filter and reduce the check list mentality associated to the adoption of a compliance approach. Adopting fair presentation is expected to support a reduction in the unnecessary reported information and of the documentation needed to show that omitted datapoints are not material. The majority of the EFRAG SRB members consider that ESRS was already conceived as a fair presentation framework and interpret the CSRD as requiring it. A minority of the EFRAG SRB members think that the CSRD does not require fair presentation. They think that adopting fair presentation is not a simplification, due to the difficulty of exercising judgement of what is needed to fulfil the requirement, in particular for impact materiality where there are less established reporting practice. They think that the Amendments may result in increased legal risks and audit costs.

Do you agree that explicitly requiring to adopt fair presentation in preparing ESRS sustainability statements will support a more effective functioning of the materiality filter, therefore enabling more relevant reporting and reducing the risk of excessive reported information?

I partially agree and partially disagree

### 40. Please provide comments below

We agree that the concept of fair presentation is important and its explicit inclusion is beneficial, as leaving it out may encourage a checklist mentality. Adopting the concept aligns the ESRS with IFRS S1 and S2, which is critical for achieving global interoperability and reinforcing the notion that sustainability reporting requires judgment, not just compliance. This high-level statement is a necessary philosophical foundation for relevant reporting.

However, we disagree that the amendments immediately translate into an effective functioning of the materiality filter or a reduction of documentation and this is due to a lack of clarity in the implementation guidance.

Specifically, Section 2 of ESRS 1 does not sufficiently clarify how companies can operationalise the principle of fair presentation. It is very difficult to legislate a subjective concept like “fairness.” This ambiguity may lead to increased legal risks and audit costs as assurance providers struggle to validate the required judgment, particularly where established reporting practices are lacking.

Additionally, the explicit inclusion of fair presentation does not inherently solve the issue of a “checklist” mentality because the standards remain inherently rules-based. Preparers will still focus on documenting the omission of every non-material datapoint to mitigate legal liability. The simple inclusion of the term, without stronger enforcement guidance, is unlikely to override this compliance-driven behaviour.



#### 41. 26. Exception for Financial Institutions' Absolute climate reduction Targets

One of the implementation challenges noted by financial institutions relates to the requirement in ESRS E1 paragraph 26(a). This requires, when the undertaking has adopted GHG emissions intensity targets in conjunction with AR12 ("when only setting intensity targets"), to disclose also the associated absolute values" (refer also to Basis for Conclusions (BfC) Chapter 8). EFRAG SRB and SR TEG discussed whether an exception would be needed for insurance, banking and asset management sectors, but they decided that it would be appropriate to receive specific feedback before concluding. Those that support the exception argue that this information is not useful. They think that while for fossil fuel sectors gradual de-commissioning is foreseen, emphasising the role of absolute targets for lenders and investors in all sectors would provide the wrong incentive, as high-emission sectors are those in need of transition financing. They also consider that estimating the absolute targets would require multiple assumptions (such as about the composition of the portfolios, the production capacity, the market shares and the level of emission intensity), making results unreliable and thus not leading to meaningful disclosures. Those who oppose this exception note that complex estimates are common to all sectors. They also note also that both the information types of intensity and absolute targets are needed for a proper understanding of the undertaking's progress on climate and banks are no exception in this case. Intensity targets, while capturing efficiency, may mask rising emission levels. Absolute targets capture the total impact but fail to take into account the effect of business growth. They finally note that an exception only for financial institutions would result in an unlevel playing position for the other sectors.

I disagree that financial institutions should be exempted from disclosing climate absolute GHG emission values targets when they have only set intensity targets

#### 42. Explain your reasoning and if you agree, elaborate on how financial institutions will give transparency and foresight to investors about their target setting and the evolution of their emissions.

The rationale for exemption, while acknowledging implementation difficulties, fundamentally conflicts with the goal of driving real-world decarbonisation and maintaining market transparency.

Particularly, intensity targets can mask rising absolute emissions that result from business growth. An FI could meet an intensity target while simultaneously increasing the total volume of emissions it finances. Absolute targets counter this risk by capturing the true, total impact on the climate.

Since banks and insurers are driving decarbonisation, it is crucial that they disclose their ambition to reduce total, real-world emissions. By publishing this information, FIs create both an internal commitment and an external signal of their role in the low-carbon transition.

#### 43. 27. ESRS S1: New threshold for reporting metrics disaggregated at country level

Amended ESRS S1 changes the threshold for the requirement to disaggregate the metrics for Characteristics of the undertaking's employees, collective bargaining coverage and social dialogue in the European Economic Area (S1-5 and S1-7 of Amended ESRS S1). Refer also to Basis for Conclusions (BfC) Chapter 8. Instead of being defined based on at least 50 employees by head count representing at least 10% of the total number of employees, the requirement is now to disaggregate the metrics for the top 10 largest countries by employee headcount, to the extent that there are more than 50 employees in those countries. A minority of EFRAG SRB members noted that this change could trigger, in some cases, an increase in the number of countries to report on for these two disclosures, and so an increased burden to prepare the information. The majority of EFRAG SRB members supported the change because the current requirement has led to limited information available by country. In addition, the information is usually easily accessible, so the burden to prepare the information per the new requirement is estimated to be limited.

If you intend to provide feedback also on Part 3 of this questionnaire, please note that by answering this question, to avoid duplication of input, you will not be allowed to include comments on DR ESRS S1-5 and ESRS S1-7 in Part 3. Your comments on those provisions will only be provided here.

#### Do you agree with the change to the threshold for country-by-country disclosure for the DRs ESRS S1-5 and ESRS S1-7?

I agree

#### 44. Please provide comments below

The new threshold, requiring disaggregation for the top 10 largest countries by employee headcount, is a vast improvement because ensures that the social disclosures reflect the countries where the undertaking has its most significant workforce presence.

This information is typically easily accessible by country, as companies already track employee headcount and location for payroll and human resources management. Therefore, the incremental burden of disaggregating this specific data for the top 10 countries is estimated to be limited for most companies.

Lastly, by standardising the disclosure to the top 10 countries, the amendments establish a consistent benchmark across similar multinational undertakings, significantly improving the comparability of social metrics.

#### 45. 28. ESRS S1: Calculation approach to adequate wages outside the European Union (EU)

The Amended ESRS S1 reflects an amended methodology for the calculation of non-EU adequate wages set out in the Application Requirements (ESRS S1 AR 22). This change draws on language from different parts of the agreement on the issue of wage policies, including living wages, adopted by the ILO Governing Body in 2024, after the ESRS Delegated Act was adopted. A minority of EFRAG SRB members flagged three interrelated concerns: (1) the reference to wage-setting principles risks disclosures of minimum wages that fall well-below an adequate wage standard, (2) the hierarchy requires companies to only assess relevant living wage data sets as a last resort, and (3) the DR/AR does not require companies to disclose which prong of the methodology is used, which leads to lack of comparability.

In consideration of the complexity of this issue, EFRAG is running a targeted field test and is interested in involving a diversified sample of companies. This entails participating in dedicated working sessions with EFRAG Secretariat where the company is expected to present how the revised methodology is feasible and relevant in practice (refer to the non-EU hierarchy described in ESRS S1 paragraph AR 22 (b) i) to iii) to ensure transparency and comparability on this issue. A dedicated questionnaire will be sent directly to the companies participating in the test to allow for their preparation. The working sessions will take place between 8 and 26 September. To confirm your interest in participating to the field test on Adequate Wage please send an email to [fieldtestadeqwages@efrag.org](mailto:fieldtestadeqwages@efrag.org) by August 18, 2025.

#### Do you agree with the proposed change to the methodology for the calculation of non-EU adequate wages in ESRS S1?

#### Please provide comments below

#### 46. 29. SFDR and other EU datapoints in Appendix B of Amended ESRS 2

The Omnibus proposals have not changed the general objective of supporting the creation of the data infrastructure necessary for implementing the Sustainable Finance Disclosure Regulation (SFDR). Input from investors confirms the need to implement the correct flow of information from their investee. However evidence also suggests some of the Principal Adverse Indicators (PAI) are not considered relevant in practice. As part of the systematic review of the datapoints for their reduction, EFRAG has assessed the relevance of the SFDR PAIs, as well as the level of coverage of them resulting from the general datapoint reduction.

Appendix 4 of the Basis for Conclusions (BfC) illustrates how the EU datapoints in Appendix B of ESRS 2 (now Appendix A of Amended ESRS 2) have been modified.

The key changes for Environmental standards (ESRS E1-E5) are :

(a) 8 SFDR PAI sensitive DPs have been deleted but they were either overlapping with other DPs or can be derived from other information (E1-5, para.38, 40-43; E1-6 para.44, 53-55; E3-1, para.14; E3-4, para.29; E5-5 para.37 (d) and 39);

(b) 1 SFDR PAI sensitive DPs in Appendix B (indicator number 12 Table #2 of Annex) was removed, following EFRAG's approach of reducing the content provisions related to PAT under topical standards. This refers to the topic of marine resources, which is not in scope of ESRS E3.

The key changes for Social standards (ESRS S1-S4) are:

(a) this was a consolidation exercise. Firstly, for the policies related to human rights and for the alignment with UNGP and OECD MNE Guidelines (two SFDR PAI number 9 Table #3 and Indicator number 11 Table #1 of Annex 1), eight datapoints from the four Social standards have been merged into a "human rights policy" in ESRS 2 GDPR-P, for the four affected stakeholder groups. Secondly, the indicator in relation to severe human rights cases (SFDR PAI number 14 of Table #3 and number 10 of Table #1 of Annex 1) have been merged into one and it is maintained across the four Social standards.

(b) a small number of amendments on the scope has taken place for SFDR PAI Indicator 3 of Table #3 in relation to days lost. Fatalities (ESRS S1-13) has been deleted from its scope. The scope of revised human rights incidents datapoint (ESRS S1-16, S2-3, S3-3, S4-3) is now clarified.

There were no changes in the ESRS G1.

In conclusion, despite the general significant reduction in DPs, the coverage of SFDR PAI has been only marginally reduced and thanks to a limited number of amendments, the relevance of the corresponding information is increased.

Do you agree with the way the SFDR PAI have been incorporated in the Amended ESRS? You are invited to explain the reason why you agree or disagree and to provide your suggestions for improvements or alternative simplification proposals, if any.

I agree

47. Provide comments below

**48. 30. ESRS E4 DR E4-4: Application requirement to guide undertakings in setting biodiversity- and ecosystems-related targets**

As part of the simplification process, E4-4 (targets) disclosure specifications and application requirements have been mostly removed. In this context, methodological guidance for companies to what biodiversity and ecosystems-related targets can cover would be helpful. ESRS SET 1, E4 AR 26) outlines aspects that targets can address, including in relation to the size of areas protected or restored, the recreation of natural surfaces or the number of company sites whose ecological integrity has been approved. While this AR could be kept in the revised ESRS E4, some stakeholders highlighted that it could be further reviewed to better reflect latest trends in the evolving methodological landscape related to biodiversity and a stronger alignment with relevant content from science-based frameworks such as SBTN.

If the respondents intend to comment on the respective paragraphs of Section 3, they will not be permitted to do so.

Do you agree with the review of AR 26 in Amended ESRS E4?

I agree

**49. You are invited to provide suggestions for improvements, if any.**

The existing guidance, though useful, should be clarified and rewritten to provide preparers with the most current and effective examples of biodiversity-related targets. This proactive step helps companies avoid setting targets that quickly become obsolete.

It is crucial that ESRS maintains a strong alignment with relevant content from science-based frameworks, such as the Science Based Targets Network (SBTN). These frameworks represent the evolving methodological best practices for measuring and managing nature-related impacts.

**50. 31. ESRS S1 DR15: Gender pay gap**

Some of the feedback obtained during the public outreach on the Remuneration metrics (ESRS S1-15), which are derived from the SFDR PAI, was to revisit the gender pay gap ratios and consider replacing it by the adjusted gender pay by employee category or, in some cases, by country. The gender pay gap metric in set 1 is aligned with the Pay Transparency Directive, (EU) 2023/970, where the unadjusted ratio is required as a global percentage and the adjusted gender pay gap by employee category is a voluntary ("may") datapoint.

The voluntary datapoint of adjusted gender pay gap by employee ratio has not been included in Amended ESRS S1, following careful analysis and consideration of the EFRAG SRB where the pros and cons of changing the basis for gender pay gap were weighted. The conclusion reached was to maintain the global unadjusted pay gap and delete the adjusted gender pay gap by employee ratio that is a voluntary datapoint in set 1. The deletion of voluntary datapoints obey to the general approach in the revised architecture.

If the respondents intend to comment on the respective paragraphs of Section 3, they will not be permitted to do so.

Do you agree with the deletion of the voluntary datapoint on adjusted gender pay gap?

I partially agree and partially disagree

**51. You are invited to provide suggestions for improvements, if any.**

**52. 32. ESRS G1 DR G1-2 and G1-6: Payment practices**

The revision of ESRS G1 has led -among others - to the deletion of former paragraphs 14 and 33(a), addressing "payment practices" (within the context of management of relationship with suppliers). These datapoints have been replaced by the PAT provisions and an additional specification for SMEs in paragraph 33(b). However, this deletion may still reduce visibility on how undertakings engage with and support SMEs.

If the respondents intend to comment on the respective paragraphs of Section 3, they will not be permitted to do so.

Is the current replacement/formulation sufficient to meet the objectives of the CSRD in respect to the protection of SME's?

I agree

**53. You are invited to provide suggestions for improvements, if any.**

#### 54. 33. Overall feedback per standard

The 12 ESRS Standards have been simplified. The Glossary (Annex II to the 2023 ESRS Delegated Act) has been amended to reflect the changes in the Standards. This includes the reduction of datapoints, the clarification of several provisions that created implementation issues, the enhancement of readability and streamlining of their structure and content. Amendments to the 12 Standards have been designed and implemented to achieve a substantial reduction in reporting efforts, while maintaining the core content that is needed to meet the objectives of the European Green Deal.

Please note the following requirements that were not changed in the Amended ESRS as recommended by the EC representatives, as they are subject to ongoing developments on level 1 regulation:

1. Definition of value chain for financial institutions (ESRS 1);
2. Exemption from consolidating subsidiaries by undertakings that are financial holdings (ESRS 1);
3. Relief for omission of confidential/sensitive information (ESRS 1);
4. Phasing-in provisions (ESRS 1);
5. Clarify the meaning of "compatibility with 1.5 degrees" for the Transition Plans disclosure (ESRS E1).

In this question you are allowed to provide your overall opinion on the level of simplifications achieved per each standard. You can choose to reply to one or more of the Standards.

If you intend to comment also at level of single DR in Part 3 of this questionnaire, you are kindly invited not to repeat the same content twice (here and in Part 3).

You can access the Exposure Drafts of the Revised ESRS and the amended Glossary at this [link](#).

In case you would like to see the rationale behind the amendments, you can access the Log of Amendments and the markup of the Annex II (Glossary) at this [link](#).

**Do you agree that the proposed Amended ESRS strikes an appropriate balance between the need for significant simplification and meeting the core objectives of the European Green Deal?**

	I agree	I partially agree and partially disagree	I disagree
ESRS 1			X
ESRS 2		X	
ESRS E1		X	
ESRS E2			X
ESRS E3			X
ESRS E4	X		
ESRS E5	X		
ESRS S1	X		
ESRS S2	X		
ESRS S3	X		
ESRS S4	X		
ESRS G1	X		
Glossary	X		

55. Please provide comments regarding ESRS 1 below

56. Please provide comments regarding ESRS 2 below

57. Please provide comments regarding ESRS E1 below

58. Please provide comments regarding ESRS E2 below

59. Please provide comments regarding ESRS E3 below

60. Please provide comments regarding ESRS E4 below

61. Please provide comments regarding ESRS E5 below

62. Please provide comments regarding ESRS S1 below

63. Please provide comments regarding ESRS S2 below

64. Please provide comments regarding ESRS S3 below

65. Please provide comments regarding ESRS S4 below

66. Please provide comments regarding ESRS G1 below

67. Please provide comments regarding the Glossary below

68. 34. Any other comments

Please provide here any other comments on the 12 EDs or on the Glossary

### 5. Part 3: Detailed feedback at level of DR or paragraph of the ED (optional)

The survey allows to provide comments and suggestions at chapter / DR level or at paragraph level

When responding on Part 3 you will have the possibility to provide comments at paragraph level, in addition to commenting at DR (Chapter of ESRS 1) level. If you intend to provide comments at paragraph level, you are invited to do so by using the [provided Excel Template](#) (XLSX file). Please upload the filled in Excel Template in the designated box at the end of the survey. Be aware that comments provided in a different format than the provided template will create technical issues and EFRAG may not be able to process them.

Select at which level you would like to provide comments:

Comments at chapter or DR level

Please select the ESRS standards on which you would like to provide comments at chapter or DR level

### 6. Part 3: ESRS 1

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Overall agreement on the proposed amendments to the revised ESRS 1 text

You can access the Exposure Drafts of the Amended ESRS at this [link](#)

In case you would like to see the rationale behind the amendments, you can access the Log of Amendments at this [link](#)

Do you agree that the proposed Amended ESRS strikes an appropriate balance between the need for significant simplification and meeting the core objectives of the European Green Deal?

If you would like to comment at paragraph level, you are invited to do so by using the provided XLSX template at the end of the chapters / DRs level part.